

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Southeast Alaska Regional Health Consortium****Federal Tax ID: 92-0056274****Project Title:**

Southeast Alaska Regional Health Consortium - Electronic Health System Transformation Project

State Funding Requested: \$ 1,000,000
One-Time Need**House District: Southeast Region (1-5)****Brief Project Description:**

Appropriation would be used to help implement an electronic health information system and help facilitate the conversion from paper to electronic health records. The project will support the State's effort at maximizing Medicaid services offered by tribal providers.

Funding Plan:**Total Cost of Project: \$5,400,000**

	<u>Funding Secured</u>		<u>Other Pending Requests</u>		<u>Anticipated Future Need</u>	
	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>
Other	\$3,400,000	FY09-10				
Total	\$3,400,000					

Detailed Project Description and Justification:

SEARHC is transforming its electronic health system. They are implementing a paperless electronic health record to better support clinical applications and accounting systems. To facilitate this change, they are moving forward with a project to re-engineer their entire revenue cycle to include patient, financial, and clinical information. This will require a major transformation of all internal business practices and an substantial investment into new information technologies to transform a costly paper-based system into an efficient, automated, paper-free system focused on quality patient care.

Project Support

- SEARHC is requesting \$1m in State support for the \$5.4m project.
- Requested support mirrors Medicaid population for SEARHC.

The total cost of completing the SEARHC System Transformation - Revenue Cycle Reengineering Project is estimated at \$5.4m. This includes the cost of infrastructure development (hardware, data center, etc.) to support the new systems along with software and licensing agreements with the vendors (Stockell Hospital Information Systems, Lawson Software, Alert Life Sciences, NovaRad Corporation and others under consideration). SEARHC is requesting \$1 million in support for this important capital project.

This project will support the State of Alaska's effort at maximizing Medicaid services by tribal providers. When complete,

SEARHC's state of the art systems will allow us to better focus on increasing access to people with Medicaid. The increased revenue generated by the new system will allow SEARHC to maintain services beyond the basic level of care provided by the Indian Health Sendee funding and expand services to address critical, unmet needs in the region.

Currently SEARHC relies on paper medical records. The problems associated with maintaining and transferring medical records on paper among many different sites across the regional system of care significantly impacts patient safety and continuity of care. There are challenges to ensuring that accurate information about patients is available to providers throughout the continuum of care. The new system will ensure that accurate health information is available immediately and is easily accessible to providers throughout the health care system - whether the patient is in their home village, sub-regional health center, or at the regional hospital. Patients must often travel between communities and facilities to receive health care. Patients often arrive at a regional clinic with no record of what medications they are taking or past history of illness making effective treatment more difficult.

SEARHC's system transformation includes components for medical records, business practice management (revenue and billing systems), clinician decision support, computerized order entry, and referral processes. The effective flow of information will enhance care and support an efficient revenue cycle. Business and clinical functions need to work seamlessly together in order to facilitate quality, efficiency, and productivity. Through this transformation SEARHC seeks not only to maintain the current level of care, but to increase access to services. The system transformation will maximize revenue through accurate, timely billing of third party payers, including Medicaid, while improving the quality of care.

Project Benefits: The system transformation will bring benefits in three critical areas

1) Improve Clinical Care - By making comprehensive computerized patient data at the point of care, we are able to implement nationally recognized best practices during the patient visit. Patients will also benefit as providers have the full scope of clinical information available, never will there be a lost chart or missing test again. An added benefit is that redundant and duplicative tests and procedures can be eliminated, even if the patient is traveling from one community to the next.

2) Improve the Revenue Cycle - Process improvements will allow the hospital and primary care sites to accurately capture necessary information for timely billing of third party payers. Increased revenue will be available to support health care needs in the region.

3) Increased Efficiency - Studies prove that the single greatest opportunity for reducing costs in health care is through increased efficiency. Supported by modern technology SEARHC Letter of Introduction - System Transformation Project page 2 tools, SEARHC will be enabled as it identifies and pursues both clinical and operational efficiencies. These efficiencies will lower costs, benefiting all patients, payers, and SEARHC.

4) SEARHC's new electronic health record and system transformation can serve as a model to other tribal organizations and they are fully documenting their system transformation process so that lessons learned can be shared with other tribal and rural health organizations.

Project Timeline:

FY09

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Southeast Alaska Regional Health Consortium

Grant Recipient Contact Information:

Contact Name: David Edwards, VP Finance

Phone Number: 907-463-4061

Address: 3245 Hospital Drive Juneau, Alaska 99801

Email: david.edwards@searhc.org

Has this project been through a public review process at the local level and is it a community priority? ☐ Yes ☒ No



SEARHC

SouthEast Alaska Regional Health Consortium

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System Transformation Project

Project Summary

SEARHC is transforming its electronic health system. We are implementing a paperless electronic health record, supporting clinical applications and accounting system. Our vision is to invest in new information technologies to transform a costly paper-based system into an efficient, automated, paper-free system focused on quality patient care.

Project Benefits

- Improve Clinical Care – Comprehensive computerized patient data at the point of care; Ability to implement nationally recognized best practices during the patient visit; Eliminate redundant and duplicative tests and procedures.
- Improve the Revenue Cycle – Improvements accurately capture information for timely billing of third party payers; Increased revenue will support additional health care.
- Increase Efficiency – Reducing costs through increased efficiency; Increase clinical and operational efficiencies that lower costs, benefiting all patients, payers, and SEARHC.

Project Support

- SEARHC is requesting \$1m in State support for the \$5.4m project.
- Requested support mirrors Medicaid population for SEARHC.

Project Strengths

- Maximizes Medicaid services by Tribal providers.
- Focuses on quality patient care using best practices in a more efficient environment.
- SEARHC history of innovation and success.
- Project is ready for implementation.



SEARHC

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February 18, 2008

Senator Bert Stedman
Alaska State Legislature
State Capitol (MS-3000)
Juneau, Alaska 99801-1182

Dear Senator Stedman,

Thank you for your time to meet with the SouthEast Alaska Regional Health Consortium (SEARHC). We have compiled a brief letter of introduction to outline our current system transformation project. SEARHC believes this project can serve as a model for rural and tribal health organizations on the impact of implementing an electronic health record. We would like to request support from the State of Alaska for a portion of this project that will help keep people with Medicaid within the tribal health system.

Overview of SEARHC

Southeast Alaska Regional Health Consortium (SEARHC) provides comprehensive medical, dental, behavioral health, and prevention services in Southeast Alaska. SEARHC is requesting support for a portion of a major system transformation - the SEARHC Revenue Cycle Reengineering (RCR) project. The focus of the RCR project is on implementation of a paperless electronic health record, a new patient billing system, and a new accounting package. Our vision is to invest in new information technologies to transform a costly paper-based system into an efficient, automated, paper-free system. The improved information flow will increase productivity, efficiency, quality, and patient safety.

SEARHC currently serves approximately 12,200 active Native users and 9,800 active non-Native users in Southeast Alaska (active user defined as someone who used a facility at least once between 10/1/2004-9/3/2007). In Southeast communities the percent of patient visits paid by Medicaid ranges from approximately 4% to 35%. We recognize that some Alaska Native beneficiaries with Medicaid choose to go out of the Native system to receive care, particularly in the larger communities.

An important part of this project will be to keep people with Medicaid within the tribal health system by offering improved access to care. Once the system transformation is complete, SEARHC will be best positioned to maintain patients within our health system and to continue to deliver the highest quality services to Native people. As part of the project we will implement marketing strategies designed to keep Native people in the system or bring them back to SEARHC if they have left.

SEARHC serves the people of Southeast Alaska through an integrated health care system that spans geographic distances, provides health care from birth to end of life, and across the patient care continuum from acute to outpatient to prevention. For many years funding from the Indian Health Service has not kept pace with the increasing cost of providing health care. To meet the increased health needs of beneficiaries and address dwindling federal and state resources, SEARHC must improve its revenue cycle to capture all third party reimbursement. In order to provide quality healthcare in the vast and isolated region of Southeast Alaska, it is imperative that SEARHC continue to upgrade and expand the infrastructure required to deliver the highest quality services.

System Transformation - Revenue Cycle Reengineering Project

SEARHC has made the decision to move forward with an entire reengineering of the revenue cycle including patient, financial, and clinical information. This requires a major transformation of all business practices. SEARHC's system transformation includes components for medical records, business practice management (revenue and billing systems), clinician decision support, computerized order entry, and referral processes. The effective flow of information will enhance care and support an efficient revenue cycle. Business and clinical functions need to work seamlessly together in order to facilitate quality, efficiency, and productivity. Through this transformation SEARHC seeks not only to maintain the current level of care, but to increase access to services. The system transformation will maximize revenue through accurate, timely billing of third party payers, including Medicaid, while improving the quality of care.

SEARHC has established a team to oversee the process. The RCR team has been meeting weekly for the past six months. The team has completed a needs assessment and identified vendors. The past few months have been spent identifying infrastructure improvements needed and reviewing vendors, software, and solutions to determine the best approach to complete the transformation process. SEARHC has made a commitment to invest significant financial resources in the software and hardware solutions and vendors that are selected. SEARHC is requesting financial support from the State of Alaska to implement this transformation.

This project will enhance SEARHC's ability to support services at Mt Edgecumbe Hospital in Sitka, a regional clinic in Juneau, sub-regional clinics in Klawock and Haines, and village clinics in Kake, Kasaan, Hydaburg, Thorne Bay, Pelican, Klukwan, and Angoon.

The system transformation will bring benefits in three critical areas:

- 1) **Improve Clinical Care** – By making comprehensive computerized patient data at the point of care, we are able to implement nationally recognized best practices during the patient visit. Patients will also benefit as providers have the full scope of clinical information available, never will there be a lost chart or missing test again. An added benefit is that redundant and duplicative tests and procedures can be eliminated, even if the patient is traveling from one community to the next.
- 2) **Improve the Revenue Cycle** – Process improvements will allow the hospital and primary care sites to accurately capture necessary information for timely billing of third party payers. Increased revenue will be available to support health care needs in the region.
- 3) **Increased Efficiency** – Studies prove that the single greatest opportunity for reducing costs in health care is through increased efficiency. Supported by modern technology

tools, SEARHC will be enabled as it identifies and pursues both clinical and operational efficiencies. These efficiencies will lower costs, benefiting all patients, payers, and SEARHC.

Currently SEARHC relies on paper medical records. The problems associated with maintaining and transferring medical records on paper among many different sites across the regional system of care significantly impacts patient safety and continuity of care. There are challenges to ensuring that accurate information about patients is available to providers throughout the continuum of care. The new system will ensure that accurate health information is available immediately and is easily accessible to providers throughout the health care system – whether the patient is in their home village, sub-regional health center, or at the regional hospital. Patients must often travel between communities and facilities to receive health care. Patients often arrive at a regional clinic with no record of what medications they are taking or past history of illness making effective treatment more difficult.

Improved Access to Care and Quality of Care

SEARHC's approach to improve access to care through better use of information technology is in line with recommendations from the Alaska Health Care Strategies Planning Council. The December 2007 Consensus Document: Summary and Recommendations includes a focus on Access to Care. After thoroughly studying the problem of accessing quality care in Alaska, the planning council identified five strategies to improve access to care. The recommendation includes a specific strategy related to information technology. ***Leverage information technologies such as tele-health and electronic health record systems to improve access while reducing costs.*** SEARHC's proposed project is clearly in line with this recommendation.

This project will improve access to care and reduce costs in the following ways:

- Availability of more complete and comprehensive patient data to clinicians in all care settings.
- Point of care electronic provider and nursing documentation, clinical decision support, computerized physician order entry and results.
- Master patient record and centralized scheduling, registration, etc. to support transitions and referrals between levels of care.
- New pharmacy, laboratory, and radiology information systems to support transfer of information, clinical decision making and eliminating redundant tests.
- Ensure continuity of care during transitions between levels of care in the villages, sub-regional centers, and regional health center or hospital.
- Increased revenue generated by services already being provided but not billed, through a new revenue cycle management system.
- Continuation of services for uninsured, rural residents and expansion of services to address important unmet health needs.
- Bring Native beneficiaries with private insurance, Medicaid, or Medicare back into the tribal system for all their care through increased access to services and improved continuity of care.

This project will support the State of Alaska's effort at maximizing Medicaid services by tribal providers. When complete, SEARHC's state of the art systems will allow us to better focus on increasing access to people with Medicaid. The increased revenue generated by the new system will allow SEARHC to maintain services beyond the basic level of care provided by the Indian Health Service funding and expand services to address critical, unmet needs in the region.

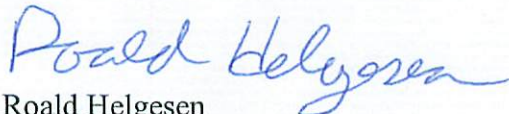
SEARHC's new electronic health record and system transformation can serve as a model to other tribal organizations. SEARHC is fully documenting the system transformation process so that lessons learned can be shared with tribal and rural health organizations.

The total cost of completing the SEARHC System Transformation - Revenue Cycle Reengineering Project is estimated at \$5.4m. This includes the cost of infrastructure development (hardware, data center, etc.) to support the new systems along with software and licensing agreements with the vendors (Stockell Hospital Information Systems, Lawson Software, Alert Life Sciences, NovaRad Corporation and others under consideration) SEARHC is requesting \$1 million in support for this important capital project.

This letter of introduction is intended to provide an overview of SEARHC's System Transformation project. A detailed budget and more information on the system transformation will be provided upon request.

I look forward to the opportunity to work together on this project and other joint initiatives to continue to improve the tribal health system in Alaska. We strongly believe with the support of the State of Alaska this project can significantly increase access of care and quality of care in Southeast Alaska.

Sincerely,



Roald Helgesen
President/CEO

**SEARHC**

SouthEast Alaska Regional Health Consortium

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APR - 4 2008

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907 463-4000 • www.searhc.org

April 4, 2008

Senator Bert Stedman
Alaska State Legislature
State Capitol (MS-3000)
Juneau, Alaska 99801-1182

Dear Senator Stedman,

On behalf of the SouthEast Alaska Regional Health Consortium (SEARHC), I extend our sincere appreciation for your work to include \$1 million toward our Electronic Health System Transformation in the Senate Capital Budget. CSSB 221 (FIN) am listed an appropriation for SEARHC's electronic health information system as well as \$500,000 in funding for the Alaska Native Tribal Health Consortium's Electronic Health Information Initiative. These two important initiatives will drive significant improvement in the quality of health care, increase our ability to capture alternate resources, and improve the effectiveness of health delivery across our region and state.

While these initiatives will drive needed change, we would not be successful without collaboration from the State of Alaska. Your leadership empowers our organization to meet its mission. We appreciate your partnership to improve health care delivery not only in our region, but across the state.

We recognize that while this incredible effort was successful, there are still several steps until it is signed by the Governor. Please let us know how we can assist in this process as CSSB221 (FIN) am moves to the House, possible Conference Committee, and, then, to the Governor.

Again, we appreciate your continued support.

Regards,

Roald Helgesen
President/CEO

Pc: Jan Hill, Board Chair

Your Partner in Health